

Message Text

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ACTION EUR-12

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INFO USMISSION BERLIN

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USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: EFIN, OECD, UK

SUBJECT: UK APPROACH TO XCSS MEETING

REF: (A) STATE 244178, (B) PARIS 27478

1. ON NOVEMBER 22, ECONCOMMIN CALLED ON SIR PETER THORNTON (SECRETARY, DEPARTMENT OF TRADE) TO DISCUSS ISSUES TO BE RAISED AT THE NOVEMBER 25-26 MEETING OF THE XCSS. THORNTON WILL LEAD THE UK DELEGATION TO THIS MEETING. WE RAISED US VIEWS ON THE INVESTMENT/MNE EXERCISE (REF A), WHICH WE HAD CONVEYED EARLIER TO THE DEPARTMENT OF TRADE AND FCO, AND THE STATEMENT BY SEC GEN VAN LENNEP CONCERNING THE MEETING'S AGENDA

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(REF B).

2. ON THE INVESTMENT/MNE GUIDELINES, THORNTON SAID THAT THE BRITISH GENERALLY GIVE NATIONAL TREATMENT TO FOREIGN DIRECT INVESTMENT. HOWEVER, THE LABOUR GOVERNMENT FINDS IT DIFFICULT TO AGREE TO A DOCUMENT THAT SAYS WHAT GOVERNMENTS CAN DO FOR MULTINATIONALS WITHOUT SPELLING OUT THE RESTRAINTS THAT SHOULD BE PLACED ON MULTINATIONALS. THE BRITISH WOULD LIKE MORE WORK TO BE DONE ON THIS SIDE BETWEEN NOW AND MARCH SO THAT A "BALANCED PACKAGE" CAN BE ADOPTED AT THE MAY MINISTERIAL.

3. AS FOR THE LANGUAGE IN ANNEX II REGARDING NATIONAL TREATMENT AND EXCEPTIONS, THORNTON SAID THAT THE UK PREFERS THE XDRE RELAXED APPROACH IN PARAGRAPHS LA AND 8A, SINCE THIS IS MORE LIKELY TO BE GENERALLY ACCEPTABLE THAN THE STRICTER APPROACH IN LB AND 8B, OR THE US COMPROMISE SUGGESTED IN REF A. STARTING OUT WITH THE LOOSER VERSION IS THE BEST WAY OF "GETTING ALL THE OECD MEMBERS ABOARD."

4. THE UK HAS NO OBJECTION IN PRINCIPLE TO THE ESTABLISHMENT OF A NEW OECD INVESTMENT COMMITTEE, AS LONG AS IT DOES NOT INVOLVE ADDITIONS TO THE OECD SECRETARIAT'S STAFF OR INCREASES IN ITS BUDGET.

5. ON VAN LENNEP'S STATEMENT, THORNTON SAID THAT HIS PROPOSALS FOR FUTURE WORK BY THE XCSS NEED FURTHER EXPLANATION AND CLARIFICATION. THE UK IS NOT IN FAVOR OF PURSUING SECTORAL PROBLEMS IN THE XCSS FRAMEWORK. THESE CAN BE DEALT WITH MORE APPROPRIATELY IN THE INDUSTRY COMMITTEE. SIMILARLY, THE EPC OR WP3 ARE BETTER AVENUES FOR DISCUSSING THE MORE "GLOBAL" PROBLEMS VAN LENNEP MENTIONED.

SFIERS

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